

Article - Education

[\[Previous\]](#)[\[Next\]](#)

§18–1909.

(a) The Board shall establish prepaid contracts under the Trust to provide for the advance payment of tuition at:

- (1) A community college;
- (2) A 4–year college;
- (3) A university; or
- (4) Any combination of a community college, college, or university.

(b) (1) For the purpose of entering into a prepaid contract, either the account holder or the qualified beneficiary must be a resident of Maryland or of the District of Columbia at the time that the account holder enters into the prepaid contract.

(2) For the purposes of determining residency for the purchase of a prepaid contract:

(i) For residency in Maryland, “resident” has the meaning stated in § 10–101 of the Tax – General Article; and

(ii) For residency in the District of Columbia, “resident” has the meaning stated in § 47–1801.04 of the District of Columbia Code Annotated.

(c) The cost of a prepaid contract shall be based on:

(1) The average current in–State tuition costs at the time the prepaid contract is purchased at public institutions of higher education in the State;

(2) The number of years expected to elapse between the purchase of a prepaid contract and the use of the benefits of the prepaid contract; and

(3) The projected tuition costs at the time that the benefits will be exercised.

(d) Each prepaid contract made under the provisions of this subtitle shall include the following provisions:

(1) The amount of each payment and the number of payments required from an account holder;

(2) The terms and conditions under which account holders shall remit payments, including the dates of the payments;

(3) Provisions for late payment charges and defaults;

(4) Penalties for early withdrawal from the Trust;

(5) The amount and terms of any administrative fees that must be paid by the account holder or the beneficiary;

(6) The name and date of birth of the qualified beneficiary on whose behalf the contract is made;

(7) Terms and conditions for a substitution for the qualified beneficiary originally named;

(8) Terms and conditions for the termination of the prepaid contract;

(9) The time period during which the qualified beneficiary may claim benefits from the Trust;

(10) The maximum number of undergraduate semester hours that are prepaid under the prepaid contract, based on in-State tuition at a public institution of higher education in the State;

(11) All other rights and obligations of the account holder and the Trust; and

(12) Any other terms and conditions that the Board considers necessary or appropriate.

(e) The Board shall allow the conversion of a prepaid contract from one tuition plan or payment option to a different tuition plan or payment option.

(f) The Board shall allow excess prepaid contract benefits due to receipt of a scholarship, tuition remission, or early graduation from college to be used toward the payment of other qualified higher education expenses, as specified by the Board, at an eligible institution of higher education.

(g) The Board shall allow the transfer of funds from the Trust to any other qualified State tuition program or from any other qualified State tuition program to the Trust, in accordance with federal law.

(h) The Board shall allow the transfer of funds from the Trust to any qualified ABLE program established in accordance with § 529A of the Internal Revenue Code.

(i) The Board shall set procedures to ensure that contributions to the Trust plus contributions or payments to other qualified State tuition programs do not exceed a total maximum amount determined by § 529 of the Internal Revenue Code for contributions to multiple qualified State tuition programs.

(j) The Maryland prepaid contract plan shall be referred to as the Senator Edward J. Kasemeyer prepaid contract plan.

[\[Previous\]](#)[\[Next\]](#)